

AMENDMENTS TO THE SPECIFICATION

Please amend paragraph 11 on page 3 as follows:

--Differentiation of ES cells to primitive ectoderm-like cells can be achieved by aggregation and culture for 4 days in a conditioned medium MEDII (see International patent applications PCT/AU99/00265 & WO01/51611). Continued culture in MEDII, followed by culture in defined serum free medium results in formation of a population of cellular aggregates comprised entirely of neuroectoderm. This has been demonstrated morphologically with the formation of neurons (ectoderm) but not beating cardiocytes (mesoderm), and by gene expression analysis, with the expression of Sox1, Sox2, nestin and N-Cam, early neural specific markers but not *brachyury*, an early mesodermal marker or markers of the extraembryonic endodermal lineage SPARC or alpha-feto protein. Furthermore, applicants have shown that the neural progenitor cells formed during Early primitive ectoderm-like (EPL) cells differentiation can be directed to form alternate neural cell lineages, such as neural crest and glia, by the addition of exogenous signalling molecules.--